

Bloomberg News media manipulations: “Guatemala Mines a Mother Lode of Trouble”

March 27, 2018 – Article by Jen Moore

<https://mailchi.mp/rightsaction/bloomberg-news-media-manipulations>

Bloomberg News purports to “... quickly and accurately delivers business and financial information, news and insight around the world.” In this biased piece of writing (included below), Bloomberg manipulatively “delivers business and financial information” about Tahoe Resources’ arguably illegal and very harmful, violent silver mine in Guatemala.

As the human rights, repression, corruption, impunity crisis situation continues unabated in Honduras, in most ways the situation Guatemala is similar. The mining industry - including Tahoe Resources, Goldcorp Inc., Kappes, Cassiday & Associates, (until recently) Hudbay Minerals, Gunpoint Exploration Ltd., etc., supported by the governments of Canada, the U.S., Guatemala – continues to take advantage of and participate in corruption and repression, human rights violations and environmental harms, and impunity.

Below, Jen Moore (jen@miningwatch.ca, Mining Watch Canada) responds to the Bloomberg News piece.



(Some victims of Tahoe Resources mining repression, and their Guatemalan and Canadian lawyers.)

Please share this information down the line. As we increasingly turn to and depend on independent news outlets (Democracy Now, The Intercept, etc.), we need to continually push back on the manipulations and biases of the main stream media.

To contact author of article: Mac Margolis, mmargolis14@bloomberg.net

To contact editor responsible for story: James Gibney, jgibney5@bloomberg.net

Dear James Gibney,

I'm writing to express serious concerns regarding the story just published "Guatemala Mines a Mother Lode of Trouble" (<https://www.bloomberg.com/view/articles/2018-03-01/guatemala-silver-mine-shutdown-shows-new-resource-nationalism>). This is a mining conflict that the organization I work for has spent a number of years documenting and I'm concerned about the serious misrepresentations made in the article, despite the author having been in touch with us about it last week.

1. The court decision in July did not suspend the company's export license, but rather the company's exploitation license for the Escobal mine and one exploration license in a neighbouring area. The company also lost its export license around the same time, but it was not part of the court decision.

2. Local communities in the affected area of the Escobal mine are not "raising the flag of resource nationalism". In fact, there are [five] mayors in surrounding municipalities who have refused to accept royalty payments from the mine out of respect for their constituency that has voted in the majority against any mining activities in the area. In other words, rather than trying to seek a bigger piece of the pie from the mine, these communities are opposed to the mine operations because of the negative impacts that it is having and could have in the longterm on their homes, their water supplies, their agricultural activities and the peace in their communities.

3. Tahoe Resources is not a victim of the lack of rule of law in Guatemala and it has not "done everything by the book" as Tahoe's legal counsel claims in your article. If you speak with local human rights lawyers and community leaders you will hear about how the company has used the law, private security, and a close relationship with Guatemalan authorities to criminalize, repress and militarize community members who have participated in peaceful protests and who have worked since 2011 to organize local votes in their communities over whether or not there should be any mining in the area.

This has contributed to a number of violent incidents in which people have been killed and wounded, including men who are now suing Tahoe Resources for negligence and battery in British Columbia courts.

Furthermore, Tahoe Resources is a spin off company from Goldcorp - a company that has operated in Guatemala since the early 2000s - and an important contingent of Tahoe's directors and key managers have a long history of working in Guatemala. This is a company that knows the country well and knows precisely the sort of environment in which it is operating, and how to take advantage of that to its own benefit and against that of local communities. It is no unwitting victim of weak governance or anything of the sort.

I hope that you might consider rectifying these issues in your piece and would be happy to provide any further information you need to do so.

Best,
Jen Moore
Latin America Program Coordinator
MiningWatch Canada
www.miningwatch.ca
@MiningWatch

+++

From James Gibney:

Dear Ms. Moore:

Thank you so much for bringing your concerns to my attention. We have corrected the description of the court decision you mention in item #1, removing any discussion of the type of license that was suspended.

As to items #2 and #3, we believe that these fall under the heading of legitimate differences of opinion (Bloomberg View, as opposed to Bloomberg News, is an opinion site).

I would note that the full quote in the fourth paragraph about resource nationalism also says that civil society groups are pressing their claims for "a greater say in the national conversation," which also encompasses an environmental dimension. Mr. Margolis also notes the rise of conflicts, quotes several representatives presenting civil society's point of view, and asserts that Guatemala has made a mistake by "relegating civil society participants to mere guests at the negotiating table."

I would encourage you to include your comments, if you have not already, in the comments section of the article. I also look forward to you keeping me, and Mr. Margolis, apprised of your work in this area moving forward.

Sincerely,

James Gibney
Bloomberg View

+++

Dear Mr. Gibney,

Thank you for your reply. It's good to have a better understanding of the nature of the article - as an opinion piece, rather than reporting.

Even so, with regard to the reflection of what civil society groups are pressing for, I don't see how this is a matter of opinion. I think it's highly problematic that the reporter did not actually speak with any civil society groups in the affected area in Guatemala about what they're pressing for in order to arrive at an informed opinion.

The information presented is incorrect where it says in paragraph four that groups are seeking a larger share of wealth, which is not the case here, whether or not they are also seeking a greater say in the national conversation. This is not a matter of opinion. It is a poorly informed characterization of the situation.

Furthermore, the inclusion toward the end of the quote from the Guatemalan industrial chamber reinforces the sense that this is a conflict about resource rents, not environmental and social concerns.

Additionally, I don't see how the representation of Tahoe as a victim of the lack of rule of law is one of opinion, but rather the result of an article based on interviews principally with the company and its supporters, without having spoken with any of the community groups or their legal representation in the affected area. There is only one civil society representative quoted in the article, who is from Brazil, not Guatemala. It is also not yet clear on what basis the suspension on the license will be lifted, since the whole process is still under appeal and pending a further decision from the Constitutional Court.

Finally, the author misrepresents a local organization as "militant", which can only serve to perpetuate representations of these organizations and is part of irresponsible reporting about such groups that contributes to putting their lives at risk in carrying out their work. The lawyers and other workers at CALAS have come under regular threat and in November 2016, a young man who worked at the office was shot and killed.

Also, CALAS is not an Indigenous rights organization. Rather, it's an environmental and community lawyering group.

Thank you again for replying to me
Best,
Jen

Guatemala Mines a Mother Lode of Trouble

A bitter fight over a silver mine points to the pitfalls of Latin America's new resource nationalism.

By Mac Margolis, 28 1 mars 2018

<https://www.bloomberg.com/view/articles/2018-03-01/guatemala-silver-mine-shutdown-shows-new-resource-nationalism>

Although it's small and [mostly poor](#), Guatemala sits on a heap of treasure. Last year, it ranked as the world's [15th-largest producer of silver](#), a nest egg that could yield economic growth and taxes and royalties, helping to hoist millions from misery.

So why is the Escobal silver mine, one of the world's largest, idle? In 2014, when the Canadian-owned Tahoe Resources Inc. started production, corporate touts projected a two-decade bonanza. Now they're facing a shuttered mine, protesters, and a lode of legal troubles.

To hear tell from the mine's backers, including [U.S. legislators](#) in a letter to President Jimmy Morales and Guatemalan industrialists, Escobal is the victim of choleric political activists, and even "criminal groups," as one company official told me, who are using the courts as a fig leaf to thwart foreign investors.

Led by the militant indigenous rights group CALAS, opponents claimed that the government failed to consult them before Tahoe subsidiary Minera San Rafael S.A. broke ground in San Rafael Las Flores, near Guatemala City. They demanded the top court force the company to stop operations. The issue ricocheted from bench to bench until last July, when the Constitutional Court [suspended](#) the mine's operating license.

The conflict is far from over, but it's a glimpse into a shifting moment in Latin American democracy: Increasingly, newly empowered civil society groups are raising the flag of resource nationalism to press their claims for a greater say in the national conversation and a larger share of wealth.

Fueling the quarrel is a bump in the commodities cycle, including [gold and silver](#), which has sent industrial prospectors to new frontiers in search of minerals and energy, and on a collision course with indigenous groups who live where the reserves are located.

Latin America recorded [246 conflicts](#) in mining regions in 2016, [more than double the number in 2010](#), according to the Observatory of Mining Conflicts in Latin America. Such disputes are likely to rise. Last year, El Salvador's legislature [banned](#) outright metals mining. Costa Rica has outlawed open-pit gold mining, and the highest courts [in Colombia](#) and [Chile](#) have suspended metals mines over environmental worries.

"We want to control economic activity on our land," Nara Soares, head of the Indigenous Organizations of the Brazilian Amazon, told me. "Guatemala's fight is our fight, too."

Mining moguls and their discontented opponents both agree on one thing: Conflicts are bound to worsen in countries where governing institutions are weak and the rule of law is tenuous.

Consider Tahoe, which took its cues from the Guatemalan energy and mines ministry, which in turn was responsible for consulting with local groups and had assured the miner no indigenous communities were in harm's way. Leaders of the Xinka, a local indigenous group, demurred. Backed by grassroots legal activists, they got the high court to lift the company's license until new consultations were carried out. "We did everything by the book. We stuck to the law," Tahoe general counsel and executive vice

president for corporate affairs, Edie Hofmeister, told me in an interview. “Unfortunately, in Guatemala the rule of law is not as strong as it could be.”

One problem is that Guatemala has yet to regulate the international convention ([ILO 169](#)) that mandates signatory nations to hear out indigenous communities on projects that might affect them. That lacuna leaves miners and host communities in the dark on how to strike a fair pact.

It’s no help that that two former Guatemalan energy and mining ministers were ensnared in serial corruption scandals, which have seen two presidents jailed. Guatemala ranks a lowly [143](#) out of 180 nations on Transparency International’s most recent corruption perceptions index.

That’s troubling for this emerging mining contender, which recently won the blessings of the Extractive Industries Transparency Initiative (EITI), a marquee anti-corruption effort for the global mining and energy industry. “Less than a year after Guatemala was certified as EITI compliant, essentially every high-ranking government official that had overseen the initiative had been accused of corruption,” concluded Brandon Brockmyer, a former consultant for the initiative, in [a review](#) of nine national transparency pacts, including Guatemala’s.

The transparency initiative survived, but Guatemala weakened its clout by relegating civil society participants to mere guests at the negotiation table. “The participants in the process are supposed to be equal partners, but that hasn’t happened,” Brockmyer told me. “That’s problematic.”

International mining companies are learning, as Tahoe has, that when the rules of engagement are murky, they may have to do more than toe the legal line to ensure good governance and win the community’s good graces. “It is in this spirit that Tahoe wishes to clarify and specifically acknowledge the presence and importance of the indigenous peoples located in the communities near Escobal, particularly the Xinka,” the company said in a [release](#) on Feb. 13.

Juan Carlos Tefel, head of the Guatemalan industrial chamber, agrees. “Companies now realize they need to get along with a community and spread prosperity to a region,” he told me. “The problem is, not a single mining project is going forward at the moment. Not a single wind farm or solar project is being considered.”

Indeed, one of the dangers of such dysfunctions is that the key conversations over how societies can best turn their raw resources into national wealth become shouting matches in which everybody loses. “Right now it’s the mine. Tomorrow it could be the sugar mill or a factory,” Tefel said.

A much-cited fiscal study in Guatemala showed that in 2010, although industrial mining kicked in less than 2 percent of gross domestic product, 78 percent of mining towns reported social conflicts that year. “Is this the kind of development we want?” Otto

Haroldo Cu, then president of Guatemala's National Transparency Observatory, [asked](#) the EITI.

With its signature silver mine dark, a quarter of its miners recently [fired](#), and silence from Guatemala's highest court, Tahoe might well pose the same question.

(Corrects description of license suspensions in third and eighth paragraphs, and transparency pacts in 11th paragraph of article published March 1.)

To contact author of the article: Mac Margolis, mmargolis14@bloomberg.net

To contact editor responsible for the story: James Gibney, jgibney5@bloomberg.net

Human rights delegation to Guatemala: "Real life super heroes and the quest for mining justice in Canada and Guatemala"

Please join a Rights Action / MIR Centre for Peace educational human rights delegation to Guatemala. Dates: Saturday, June 9 - Sunday, June 17, 2018. Complete information: info@rightsaction.org.

Rights Action

Rights Action funds community based human rights, environmental and development organizations in Guatemala and Honduras. We help expose and hold accountable the U.S. and Canadian governments, companies and investors, and other international actors (World Bank, etc.) that help cause and profit from the repression, environmental harms and human rights violations, corruption and impunity.

Get Informed / Get Involved

- Speakers: Invite us to give presentations about these issues and struggles
- Delegations: Join educational, human rights delegations to Guatemala and Honduras to learn firsthand about these issues and struggles
- Recommended Daily News: www.democracynow.org; www.theintercept.com; www.telesurtv.net/english; www.rabble.ca;

Tax-Deductible Donations (Canada & U.S.)

To support the development, human rights and environmental defense, and emergency relief work of community groups in Honduras and Guatemala working and struggling for justice and fundamental political and economic transformation from the local to national to global levels, make check payable to "Rights Action" and mail to:

- U.S.: Box 50887, Washington DC, 20091-0887
- Canada: (Box 552) 351 Queen St. E, Toronto ON, M5A-1T8

Credit-Card Donations: <http://rightsaction.org/donate/>

Donations of stock? Write to: info@rightsaction.org

Please re-post and publish this information

More info: info@rightsaction.org

Subscribe to e-Newsletter: www.rightsaction.org

Facebook: www.facebook.com/RightsAction.org

Twitter: <https://twitter.com/RightsAction>, @RightsAction
